General Fund Summary

FISCAL YEAR 2004

	REVENUES	Current Statutory Budget	Governor's Recommendation
1.	Beginning Balance	$ 15,745,000	$ 15,745,000
2.	**FY 2004 baseline Executive Revenue Est. (4.4%)**	1,814,811,900	1,814,811,900
	Revenue Adjustments:		
3.	One cent sales tax (HB 400)	170,460,000	170,460,000
4.	Cigarette tax increase to 57c (HB 452)	22,150,000	22,150,000
5.	Federal flexible grants	50,000,000	50,000,000
6.	All other legislation impacting General Funds	5,203,000	5,203,000
7.	Transfers out for deficiency warrants		(11,915,500)
8.	Transfer to the Public Schools health & safety fund		(377,500)
9.	Transfer to the Disaster Emergency Fund		(125,000)
10.	**Total Estimated Revenues**	$ 2,078,369,900	$ 2,065,951,900
	APPROPRIATIONS		
11.	**Original FY 2004 Appropriations**	$ 2,004,053,000	$ 2,004,053,000
12.	Reappropriations	2,061,100	2,061,100
13.	Supplemental Appropriations	0	4,617,800
14.	Recissions	0	(2,000,000)
15.	Medicaid Adjustment (net match rate/utilization)	(15,000,000)	(15,000,000)
16.	**Total Estimated Expenditures**	$ 1,991,114,100	$ 1,993,731,900
17.	**ESTIMATED ENDING BALANCE**	$ 87,255,800	$ 72,220,000

FISCAL YEAR 2005

	REVENUES	Agency Budget Request	Governor's Recommendation
18.	Beginning Balance	$ 87,255,800	$ 72,220,000
19.	**FY 2005 baseline Executive Revenue Est. (6.2%)**	1,927,409,900	1,927,409,900
	Revenue Adjustments:		
20.	Sales tax increase HB 400	177,710,000	177,710,000
21.	All other statutory adjustments	(1,200,000)	(1,200,000)
22.	Continue FY 2002 tax credits for research & development, broadband investment and jobs credit.	0	(2,550,000)
23.	Long term health care premium tax deduction	0	(500,000)
24.	Transfer to the Budget Stabilization Fund	(20,762,400)	(20,762,400)
25.	TOTAL REVENUES	$ 2,170,413,300	$ 2,152,327,500
	APPROPRIATIONS		
26.	**FY 2005 Base Ongoing Budget**	$ 1,993,016,900	$ 1,988,807,500
	Inflationary Adjustments:		
27.	Personnel benefits (employer health care cost increases)	15,400,300	15,400,300
28.	Inflationary increases for operating expenses	15,783,200	10,452,700
29.	Replacement capital outlay (vehicles & misc. equipment)	13,036,400	733,700
30.	Change in Employee Compensation: state agencies	5,003,700	10,002,100
31.	Public Schools discretionary compensation package	8,084,300	10,002,100
32.	Medicaid caseload/utilization increase	28,604,900	28,466,100
33.	Public Schools; other statutory formula increases	18,573,800	17,827,200
34.	Higher education enrollment & new occupancy costs	6,851,700	0
35.	Fund shifts	18,576,300	1,659,000
36.	All other MCO cost increases	1,284,900	(367,600)
37.	Subtotal MCO Funding Level	$ 2,124,216,400	$ 2,082,983,100
38.	Program Enhancements	$ 30,546,500	$ 832,500
39.	**Grand Total**	$ 2,154,762,900	$ 2,083,815,600
40.	**ESTIMATED ENDING BALANCE**	$ 15,650,400	$ 68,511,900

General Fund Summary

FISCAL YEAR 2004

Fiscal Year 2004, as shown on the facing summary table, is based upon an executive revenue estimate of 4.4% over FY 2003 actual collections (line 2). In addition to this "normalized" revenue projection, there are several adjustments made in lines 3 through nine, including the increased sales tax, cigarette tax and the $50.0 million in federal flexible grant funds received as part of H.R. 2, the Jobs and Growth Tax Relief Reconciliation Act of 2003 which was signed into law in April, 2003. There is also an adjustment required for deficiency warrants - a transfer out of the General Fund to cover the costs of fire suppression, pest control and hazardous materials clean-up which total $11.9 million (line 7). Overall, the FY 2004 revenue contains more than enough resources to cover current expenditures and leave a sizeable year-end balance, but it is important to recognize that $72.6 million in FY 2004 revenues will fall out of the FY 2005 revenue stream (the federal relief and the cigarette tax increase), and another $180 million will fall out of the FY 2006 revenue stream with the sunset of the one cent sales tax increase authorized last year.

On the spending side for FY 2004, the Governor is recommending no basic changes to the budget authorized by the Legislature for FY 2004 with the exception of recommending a $4.0 million supplemental for the Catastrophic Health Care Fund to cover anticipated costs for indigent medical services, and some minor current year adjustments in other agencies. The federal relief package also includes a one-time match rate reduction in the state's Medicaid program which will enable the state save an estimated $15.0 million, after taking into consideration the growth in caseload. The overall picture, however, is quite positive, and the state will be able to carry over sizeable balances in both FY 2004 and FY 2005 to help offset the sales tax sunset.

FISCAL YEAR 2005

The Governor's budget recommendation for Fiscal Year 2005 is predicated on a "normalized" revenue estimate of 6.2% over the FY 2004 estimate (line 19). Added to this base estimate is the final year of the temporary sales tax increase (line 20), and the continuation of three tax credits authorized for fiscal years 2002 through 2004 for research and development, broadband investment and jobs credit. In addition the Governor is recommending the normal statutory transfer to the Budget Stabilization Fund (line 24).

On the spending side the Governor is recommending some basic increases for health insurance costs, medical inflation, a 2% Change in Employee Compensation, Medicaid caseload increases and Public School formula increases. This budget level is a very basic "Maintenance of Current Operations" spending plan, which overall reflects a 4.8% increase and leaves a balance of $68.5 million to carry forward into FY 2006 to help off-set the impact of the sales tax sunset.

Most of the state agency and institution budget increases are between one and three percent, with the glaring exception of Medicaid, which reflects an increase of 15.2% and pulls the overall budget increase up to 4.8%. The summary table showing the individual agency budget recommendations can be found on pages 17 and 19. The intent, of course, in keeping the expenditure level as flat as possible, and maximizing the amount of General Funds carried over into FY 2006, is to help off-set the impact of sunsetting the temporary one cent sales tax increase, which will decrease General Fund revenues by about $180 million in FY 2006.